United Nations A/69/360

General Assembly

Distr.: General
27 August 2014

Original: English

Sixty-ninth session
Item 131 of the provisional agenda*
Programme budget for the biennium 2014-2015

Twelfth annual progress report on the implementation of the capital master plan

Report of the Secretary-General

Summary

The twelfth annual progress report on the implementation of the capital master plan is submitted pursuant to section II, paragraph 34, of General Assembly resolution 57/292. The report provides an update on the status of the project since the issuance (A/68/352/Add.2 and 3) in February 2014 of the updates to the eleventh annual progress report and responds to requests contained in section IV, paragraph 14, of Assembly resolution 68/247 A, and in section VII, paragraphs 7, 8, 10, 13, 15 and 17, of Assembly resolution 68/247 B.

In the last full year of construction, the capital master plan will begin to draw to a close with the completion and occupancy of the General Assembly Building in September 2014. All the other major portions of the project are already completed, including the renovation and reoccupancy of the Secretariat Building and Conference Building, the replacement of major infrastructure in the basements and the enhanced security upgrades initiative to strengthen the eastern and western perimeters of the United Nations Headquarters. The renovation phase of the capital master plan will be completed in 2014.

Following the completion of the renovation phase of the project, the remaining work, reflecting approximately 1 per cent of the budget, will be to complete post-renovation activities and to close out the project. Project post-renovation and close-out will continue under the management of the Office of the Capital Master Plan until the Office is disbanded in June 2015, and thereafter by the Office of Central Support Services. The post-renovation construction activities are comparatively simple in scope and include the removal of the temporary North Lawn Building, final landscaping and the security-related work at 42nd and 48th Streets. These works will

* A/69/150.

14-59981 (E) 150914

Please recycle

be contracted by the Office of the Capital Master Plan before 30 June 2015 and any activities ongoing after that date will be completed by the Office of Central Support Services by the end of 2016, as discussed in paragraph 26 of the present report. Moreover, the remaining contractual and financial close-out of the renovation activities will be undertaken in the close-out phase by the Office of the Capital Master Plan until June 2015, and thereafter by the Office of Central Support Services.

The Secretary-General considers that it is not necessary to maintain a dedicated project team after June 2015 and that the last remaining close-out activities should be mainstreamed into the Organization as part of the responsibilities of the Office of Central Support Services.

The cost of all the post-renovation construction and close-out activities will be met from within the existing approved resources of the capital master plan project.

The financial position of the project remains consistent with the projection presented in the update to the eleventh annual progress report (A/68/352/Add.2), after taking account of the decisions of the General Assembly in December 2013 and April 2014.

As at 30 June 2014, the cost to complete the capital master plan project was projected to be $2,215.0 million, as compared with the approved resources amounting to $2,150.0 million. Approved resources comprise the original budget and donations of $1,990.6 million, plus interest income and the working capital reserve fund of $159.4 million. The scope of the capital master plan remains unchanged, although all approved funding in the amount of $2,150.0 million is being applied to ongoing active renovation activities and contracts. Renovation of the Dag Hammarskjöld Library Building and the South Annex Building, the original cost of which was estimated to be $65.0 million, remains suspended because of security concerns, as reported to the General Assembly during its sixty-eighth session.

In accordance with resolutions 68/247 A and B, the cash balance of $150.0 million (as at 30 June 2014) is being used to make payments for active contractual obligations and project commitments under the project's current scope.

As at 30 June 2014, the estimated cost of activities associated with the capital master plan amounted to $139.8 million and the cost of the secondary data centre borne by the capital master plan amounted to $15.0 million (net of the $4.2 million contribution from the support account for peacekeeping operations). These activities were not included in the original scope or budget of the capital master plan. In summary, the consolidated project requirements amount to $2,369.8 million.

In its resolution 68/247 B, the General Assembly authorized the Secretary-General to make use of the Working Capital Fund and the Special Account established by the Assembly in its resolution 3049a (XXVII) as a bridging mechanism to address possible cash flow challenges resulting from the prior capital master plan financing of the associated costs and the cost of the secondary data centre. The Administration anticipates that it will have recourse to the Working Capital Fund and Special Account by October 2014.

The General Assembly, in section VII, paragraph 12, of resolution 68/247 B, recognized the need to fund the budget shortfalls, including those related to associated costs, on the basis of project costs provided by the Secretary-General in the twelfth annual progress report and that a decision on the final appropriation would be required at the main part of the sixty-ninth session.

With regard to the Dag Hammarskjöld Library Building and the South Annex Building, a decision by the General Assembly that takes into account the perimeter security concerns will be required on the long-term relocation of the functions currently housed by both buildings.

I. Overview

1. Approaching completion in a few months, the capital master plan is the largest and most comprehensive construction and renovation project undertaken by the United Nations. The benefits of the project can now be experienced in the three main buildings at Headquarters — the Secretariat, Conference and General Assembly Buildings. The project has met its original goals, which included providing a safe, modern and accessible environment for delegates, staff and visitors.

2. Planning for the project commenced in 1999 and the renovation phase began in 2008. It will be completed in late 2014, with the closure of the Office of the Capital Master Plan in 2015. The post-renovation construction activities, which will require close coordination between the Office of the Capital Master Plan and the Office of Central Support Services as discussed in paragraph 26 below, will be completed in late 2016. The General Assembly requested the Secretary-General to submit annual reports on the project's progress and schedule, projected cost to completion and financial status. The present report is the twelfth such report to the Assembly.

3. Since the issuance of the update to the eleventh annual progress report in February 2014 (A/68/352/Add.2 and 3), renovation work on remaining portions of the project has proceeded on schedule, including the substantial completion of the General Assembly Building less than four months later than indicated in the schedule included in the tenth annual progress report (A/67/350), developed in mid-2012, despite the unforeseeable obstacles following storm Sandy, which impacted the United Nations Headquarters compound in October 2012. The commencement of renovations on the General Assembly Building was delayed by several months owing to the effects of the storm on the renovation of the Conference Building.

4. As at 30 June 2014, the expected project cost to complete the capital master plan remained at $2,214.97 million. In accordance with the decision taken by the General Assembly in its resolution 68/247 A, the scope of the capital master plan project remains unchanged and the renovation of the Dag Hammarskjöld Library Building and the South Annex Building remains within that scope, originally estimated at $65.0 million, although all funding available in the amount of $2,150.0 million is being applied to ongoing active renovation activities and contracts.

5. The remaining cash balance of $150.0 million (as at 30 June 2014) is being used for active contracts to make payments for construction work completed and other project commitments, such as staff costs and operating expenses.

6. With regard to associated costs and the cost of the secondary data centre, it will be recalled that such activities were not included in the original project scope and hence were not included in the budget approved for the capital master plan project. The estimated resource requirements for associated costs were approved by the General Assembly on an annual basis. The Assembly approved the establishment and financing of the secondary data centre in its resolutions 63/269 and 64/228.

7. At the request of the General Assembly, every effort was made to absorb the associated costs and the cost of the secondary data centre within the approved budget of the capital master plan project (see resolution 68/247 A, section IV, paragraph 21), but this did not prove feasible.

8. As at 30 June 2014, the estimated cost of activities associated with the capital master plan amounted to $139.8 million. The final cost of the secondary data centre has not changed. As reported previously, the cost of establishing the secondary data centre was $19.2 million. The General Assembly decided that the support account for peacekeeping operations would contribute $4.2 million to the cost of establishing the centre. Consequently, the net cost that was borne by the capital master plan cash funds was $15.0 million. The aggregate cost of these activities, which were not provided for in the scope or budget of the capital master plan, amount to $154.8 million.

9. The following sections of the present report respond to the requests contained in the two resolutions pertaining to the capital master plan adopted by the General Assembly during its sixty-eighth session, that is, paragraph 14 of resolution 68/247 A and section VII, paragraphs 7, 8, 10, 13, 15 and 17 of resolution 68/247 B.

II. Project strategy and status

10. The renovation phase of the project commenced in 2008 and will be substantially completed in 2014, with the renovation of the General Assembly Building. The financial close-out of the project's renovation activities, as well as final landscaping and the removal of the temporary North Lawn Building, will take place in 2015. The security-related work at 42nd and 48th Streets is anticipated to start in 2015, but will not be completed until 2016, as discussed in paragraph 19 below.

11. The total project budget for the capital master plan in the amount of $1,876.7 million was approved by the General Assembly in December 2006, in its resolution 61/251. The decision was based on the selection of Secretary-General's recommended strategy IV, which was approved by the Assembly in December 2007 in its resolution 62/87, with no increase in the approved project budget it had approved the previous year.

12. Accelerated strategy IV and the enhanced security upgrade funded by a contribution from the host country required many tasks, of which the following have been completed as at the date of submission of the present report:

(a) Leasing and fitting out off-site office swing space;

(b) Moving office functions to swing space;

(c) Renovating the Secretariat Building in its entirety;

(d) Reoccupying the Secretariat Building;

(e) Constructing a temporary building on the North Lawn for conferences, related support and certain offices;

(f) Emptying the Conference Building by relocating meetings to the temporary North Lawn Building;

(g) Renovating the Conference Building in its entirety, including the enhanced security upgrade subproject to strengthen the building;

(h) Returning conferences and offices to the Conference Building;

(i) Altering the temporary North Lawn Building to merge two rooms into a single space for an interim General Assembly Hall;

(j) Substantial completion of construction for the renovation of the General Assembly Building;

(k) Completion and utilization of the new south screening building;

(l) Completion of the installation of bollards and other security devices on First Avenue between 42nd and 45th Streets and 47th to 48th Streets.

13. Although still ongoing, the following tasks will be completed in late 2014, prior to the adjournment of the main part of the sixty-ninth session of the General Assembly:

(a) Final completion of construction of the General Assembly Building;

(b) Final completion of the north screening building and installation of bollards and other security devices on First Avenue between 45th and 47th Streets.

III. Progress since the update by the Secretary-General to the eleventh annual progress report

A. Progress on renovation work

14. Work undertaken since the update to the eleventh annual progress report in February 2014 was performed on budget and on schedule.

15. On 26 February 2014, the Secretariat opened the new south screening building at the staff entrance on First Avenue between 42nd and 43rd Streets. During the course of February through June 2014, additional progress was made on construction activity outside the United Nations property line on the western perimeter, including the installation of bollards and other security devices, and the phased reopening of replaced sidewalk from 42nd Street northwards to 44th Street.

16. The renovation work on the General Assembly Building began in June 2013, following the reconfiguration of the temporary North Lawn Building to house the interim General Assembly Hall, a step which followed the completion of the renovation of the Conference Building.

17. The sequence of construction activities on the General Assembly Building consisted of the demolition and removal of selected materials, including asbestos-containing materials; the removal of the old glass curtain walls; the installation of new mechanical, electrical and plumbing equipment and connections; the installation of new glass curtain walls; the removal and reconstruction of weather protection and cladding on the dome; the reconstruction of interiors, including ceilings, wall coverings and flooring; the installation of electronics in support of the conferencing function; and many other tasks.

B. Relocations from swing space and lease terminations

18. As at 25 January 2014, the swing space portion of the capital master plan was completed, with financial and operational responsibility for off-campus swing space having been concluded through the termination of all lease obligations from the budget of the capital master plan. The Office of Central Support Services is responsible for the management of all Headquarters off-campus and on-campus

space, except for areas still under construction under the capital master plan (namely, the General Assembly Building and portions of the basements which will be completed by the end of 2014). Table 1 below provides a summary extract of the lease details shown in table 1 of the eleventh annual progress report (A/68/352). Unchanged since the update to that report is the status of the Albano Building and the United Nations Federal Credit Union Building: the Albano Building lease continues until the end of July 2017, at which time it will be either extended or terminated, on the basis of the longer-term office accommodation strategy, and the lease of the United Nations Federal Credit Union Building has been retained for the functions of the Office of Information and Communications Technology and the Office of Human Resources Management.

Table 1
Swing space lease details

Building	*Lease commencement*	*Lease expiration*
380 Madison Avenue	29 February 2008	25 January 2014
730 Third Avenue (Teachers Building)	30 June 2009	31 December 2013
305 East 46th Street (Albano Building)	24 July 2007	23 July 2017
United Nations Federal Credit Union Building, Long Island City	14 February 2008	30 April 2018

IV. Project schedule

19. The capital master plan has maintained the overall schedule reported in table 2 of the update to the eleventh annual progress report (A/68/352/Add.2). The current status is presented in table 2 below. The construction on the General Assembly Building was substantially completed as at the date of submission of the present report and the building is projected to be ready to accommodate the functions of the general debate in September 2014. Additional final completion work will continue until the end of 2014. Construction activity for the remaining work relating to security on First Avenue and on 42nd and 48th Streets was set to be completed within 2014, but continued delays in the permitting process by the host city will mean the work on 42nd and 48th Streets will be completed by late 2016, as discussed in paragraph 26 below. As discussed in section V below, the limited nature of the remaining post-renovation work can be accomplished by the Office of Central Support Services following the closure of the Office of the Capital Master Plan, as the scope of the remaining work will be comparatively straightforward and does not warrant a construction manager and a dedicated project team.

20. Renovation of the Dag Hammarskjöld Library Building and the South Annex Building remains suspended because of security concerns, as reported to the General Assembly during its sixty-eighth session.

21. The temporary North Lawn Building will be demolished in accordance with the mandated scope of the project. At present, the building is still partially occupied and the coordination of new locations for the functions to be relocated must be resolved

by the Office of the Capital Master Plan within the leasing and office space strategies of the Office of Central Support Services. The management of the demolition of the temporary North Lawn Building and the subsequent landscaping activities will be initiated and contracted by the Office of the Capital Master Plan in early 2015 and will likely be completed by the Office of Central Support Services by the end of 2015 in accordance with arrangements described in paragraph 26 below.

Table 2
Projected schedule of the capital master plan

	As set out in A/62/364		*As set out in A/63/477*		*As set out in A/64/346*		*As set out in A/65/511*		*As set out in A/66/527*		*As set out in A/67/350*		*Current projection*		
Activity	*Start*	*Complete*	*Start*	*Complete*	*Start*	*Complete*	*Start*	*Complete*	*Start*	*Complete*	*Start*	*Complete*	*Start*	*Complete*	*Status*
Construction of North Lawn Building	Early 2008	Mid-2009	Early 2008	Mid-2009	Mid-2008	Late 2009	Mid-2008	Late 2009	Mid-2008	Late 2009	Mid-2008	Late 2009	Mid-2008	Late 2009	Completed
Secretariat Building	Early 2009	Early 2012	Early 2009	Early 2012	Late 2009	Mid-2012	Early 2010	Mid-2012	Early 2010	Mid-2012	Early 2010	Mid-2012	Early 2010	Mid-2012	Completed
Conference Building	Mid-2009	Mid-2011	Mid-2009	Mid-2011	Late 2009	Late 2011	Early 2010	Early 2012	Early 2010	Late 2012	Early 2010	Late 2012	Early 2010	Early 2013	Completed
General Assembly Building	Mid-2011	Mid-2013	Mid-2011	Mid-2013	Late 2011	Late 2013	Early 2012	Late 2013	Early 2013	Mid-2014	Early 2013	Mid-2014	Mid-2013	Mid-2014	On track for completion as in the schedule set out in A/68/352/Add.2
South Annex Building	Early 2011	Early 2012	Early 2011	Early 2012	Late 2011	Early 2013	Early 2012	Mid-2013	–	–	–	–	–	–	Suspended
Dag Hammarskjöld Library Building	Early 2012	Early 2013	Early 2012	Early 2013	Early 2013	Late 2013	Early 2012	Late 2013	–	–	–	–	–	–	Suspended
Completion of renovation of United Nations Headquarters	Early 2008	Mid-2013	Early 2008	Mid-2013	Late 2008	Late 2013	Mid-2008	Late 2013	Mid-2008	Mid-2014	Mid-2008	Mid-2014	Mid-2008	Late 2014	
Closure of the Office of the Capital Master Plan and handover to the Office of Central Support Services														**Mid-2015**	
Demolition of temporary North Lawn Building and final landscaping													Early 2015	Late 2015	
Security-related work at 42nd and 48th Streets													Early 2015	Late 2016	

V. Plans for the close-out of the capital master plan and administration of remaining scope

22. In section VII, paragraph 7, of its resolution 68/247 B, the General Assembly urged the Secretary-General to confirm the timing of the closure for the Office of the Capital Master Plan and to report, in the context of the twelfth annual progress report on the plans for the management and supervision of the work remaining after the closure of the Office, including the accountability mechanisms that will be put in place.

23. In response to the request for confirmation on the timing of the closure, the Secretary-General advises that it is not necessary to maintain a dedicated project team after June 2015. At that time, the Office of the Capital Master Plan will be closed and the last remaining close-out activities will be mainstreamed into the Administration as part of the responsibilities of the Office of Central Support Services in the Department of Management. There will be close coordination between the two Offices during the transition period up to 30 June 2015 in order to ensure a smooth and comprehensive handover of all responsibilities for the United Nations Headquarters Buildings to the Administration.

24. After June 2015, responsibility for certain post-renovation construction activities that are within the original project scope, together with other administrative tasks, will be transferred from the Office of the Capital Master Plan to the Office of Central Support Services. The Office of Central Support Services will be provided with construction documents and, in some cases, already contracted work, and will be responsible for managing the execution of the remaining scope. The cost of these post-renovation activities will be met from within the existing approved resources of the capital master plan project.

25. The post-renovation transition period up to 30 June 2015 will allow the external consultant team and project team staff of the capital master plan to be closed out efficiently and the residual management and administration will be assumed by the Office of Central Support Services. The expertise (and fees) of the construction manager, Skanska, and the programme manager, Gardiner & Theobald, will not be required for the post-renovation construction activities, which are comparatively small in scale and have a far less complex scope. For similar reasons, the remaining scope does not warrant extension of the whole capital master plan project team in parallel with the expertise of the in-house project management staff of the Office of Central Support Services. However, the expertise of the capital master plan team will be retained to augment staff in the Office of Central Support Services, where possible. This transfer of skills and experience would bring valuable cumulative knowledge to the benefit of the Administration.

26. The remaining post-renovation tasks will be contracted by the Office of the Capital Master Plan and completed by the Office of Central Support Services. They are listed below:

(a) Demolition of the temporary North Lawn Building. This task will include the relocation of the limited remaining functions, including offices for staff of the Department of Safety and Security, classrooms and teacher offices, touchdown space and other offices, and the removal of the building. This task will be completed by late 2015;

(b) Site landscape work, including relocation of the exterior artwork and gifts. The preparatory work for this activity will be completed by the Office of the Capital Master Plan and the work itself will be initiated by the Office of the Capital Master Plan, but it can only be completed following the completion of task (a) above;

(c) Security-related work at 42nd and 48th Streets, including reconfiguration of the north and south entrances of the Service Drive to accommodate a loading dock at 48th Street, and revised traffic patterns at 42nd Street. The work can only commence after the issuance of necessary permits by the host city. It will require up to 18 months of construction time and is scheduled to conclude in late 2016. This will be the conclusion of the capital master plan project.

27. A significant responsibility of the Office of the Capital Master Plan prior to its closure in June 2015 will be to ensure the accountable and prompt handling of records pertaining to the last phases of the project, as well as the financial close-out, final payments and reconciliation of accounts with all capital master plan-related contractors. In addition, prior to its closure, the Office of the Capital Master Plan will provide information and support to relevant offices of the Department of Management and the Office of Legal Affairs, as may be required in order to enable the Organization to resolve any outstanding claims or disputes with contractors.

28. Financial statements regarding the project activities and expenditure for the biennium 2014-2015 will be completed, consolidated and finalized in March 2016 by the Office of Programme Planning, Budget and Accounts, following established financial reporting processes, in compliance with the Financial Regulations and Rules of the United Nations.

29. The remaining requirements until completion of the renovation phase include staff costs and operating expenses until 30 June 2015, taking into account the downsizing plan developed by the Office of the Capital Master Plan in consultation with the Office of the Under-Secretary-General for Management.

30. Succession planning entails retaining expertise of the capital master plan staff by the Administration. The project staff built technical and substantive expertise which is a valuable asset to the Organization and therefore efforts are being made to retain expertise and to use technical skills in full compliance with the established procedures for the recruitment of United Nations staff.

31. The established accountability mechanisms pertaining to the reporting of the Office of Central Support Services to the Under-Secretary-General for Management will determine the remaining post-renovation construction activities and administrative tasks required after the closure of the Office of the Capital Master Plan.

32. With regard to the resources for the remaining post-renovation activities required after closure of the Office of the Capital Master Plan, appropriate arrangements for project management and support costs will be established between the Office of the Capital Master Plan and the Office of Central Support Services.

VI. Benchmarking of the capital master plan project against other large projects

33. Few projects are as complex as the capital master plan, which has entailed the entire renovation and restoration of celebrated, historic buildings, while maintaining a high level of security and operational continuity within the United Nations Headquarters compound at all times for the activities of the Member States. With an expected cost of the capital master plan project, when completed in 2014, which is 11.3 per cent over the budget approved by the General Assembly in 2006, the capital master plan has distinguished itself at the highest level as compared to almost any other multi-year project of this financial scale.

34. According to an article published in the April/May 2014 edition of the Project Management Journal regarding infrastructure projects costing $1 billion or more, 9 of 10 such projects have cost overruns. Overruns of up to 50 per cent in real terms are common: those over 50 per cent are not uncommon.[1] Of a sample of 258 megaprojects in 20 countries, the actual construction cost was on average 28 per cent higher than estimated at the time the project was approved.[2]

35. In terms of schedule, in view of the additional year required by the enhanced security upgrades, which pertain to the change in blast requirements by the host country, the capital master plan renovation is concluding on the schedule presented seven years ago plus one year for the enhanced security upgrades.

VII. Accountability

A. Governance

36. The capital master plan project is managed by the Office of the Capital Master Plan, with strategic guidance provided by the Office of the Under-Secretary-General for Management. The Under-Secretary-General for Management is responsible for the successful delivery of the capital master plan and has maintained a proactive role in monitoring and supervising the progress of the plan to ensure that the remaining portions of the project are delivered on schedule and that project costs are well controlled and any risks are managed and mitigated.

37. The Executive Director of the capital master plan, who, at the Assistant Secretary-General level, reports to the Under-Secretary-General for Management, is entrusted with and accountable for the day to day management of the project, updating the Under-Secretary-General on a weekly basis on the status of the project and providing regular updates to the Management Committee.

38. Project monitoring and oversight meetings include weekly and monthly Directors' meetings attended by representatives of the Office of Central Support Services, the Department of Safety and Security, and the Office of Information and Communications Technology; weekly construction meetings and project schedule reviews; joint weekly coordination meetings with the construction management and

[1] Available at http://onlinelibrary.wiley.com/doi/10.1002/pmj.21409/full.

[2] Available at http://arxiv.org/ftp/arxiv/papers/1304/1304.4476.pdf.

programme management firms; and weekly coordination meetings with the Procurement Division.

39. The Office of the Capital Master Plan established a focal point system whereby a single staff member is identified in each department and office to serve as the point of contact for project coordination matters. In addition to that system, the Under-Secretary-General for Management and the Executive Director of the capital master plan have established close consultative relationships with senior officials in other departments, especially those that provide support to or are considered special clients of the project, such as the Department of Safety and Security, the Department for General Assembly and Conference Management, and the Department of Public Information, with which regular meetings are held to coordinate planning and user requirements.

40. Periodic meetings with the host city and the United States Mission to the United Nations related to security, safety and access for host city first responders facilitate the exchange of views and resolution of issues under the authority of the host city and host country.

41. In compliance with the request made by the General Assembly, the Secretary-General continued to periodically update the Fifth Committee of the General Assembly and the Advisory Committee on Administrative and Budgetary Questions through regular information briefings in addition to annual progress reporting on all aspects of the implementation of the capital master plan project, including the financial status, progress on activities and risk mitigation measures.

42. The project is currently being managed with clear lines of accountability and with robust internal and external oversight.

43. Within the established reporting structure of the Secretariat, the Office of Programme Planning, Budget and Accounts continues to review the annual progress reports of the Secretary-General on the capital master plan before they are submitted to the General Assembly.

B. Oversight and audits

44. In addition to the governance arrangements described above, the Board of Auditors and the Office of Internal Oversight Services have continued their audits of the project.

45. The Board of Auditors audited the capital master plan project from March to May 2014. In its annual report on the audit of the capital master plan for the 12-month period ended 31 December 2013 (A/69/5 (Vol. V)), the Board acknowledged that there has been significant progress on the plan and noted that costs have largely been contained since it last reported in 2013, reflecting the highly skilled and agile approach of the Office of the Capital Master Plan in the face of demanding deadlines. The Board also emphasized that greater certainty is now needed on how the project will be completed to deliver maximum benefits to the United Nations.

46. The cost structure analysed by the Board included the capital master plan project costs, the enhanced security upgrades project scope, the donations scope, the associated costs and the secondary data centre costs. Hence, the Board reported that

the anticipated consolidated final cost of the capital master plan is largely unchanged at $2,374 million.

47. The Board recognized that the consolidated cost overrun of $379 million related to issues and events that occurred earlier in the project and no new risks or significant cost increases occurred during the period under review. In this regard, it is reiterated that the Secretary-General proposed that the cost of associated activities and the cost of the secondary data centre be funded from the regular budget. Hence, $154.8 million of the Board's identified cost overrun actually reflects a revision to the proposed source of funding without a commensurate increase in resources for the capital master plan project. As to the renovation activities, the Board stated that cost overruns are common in major construction projects, in particular in a project of the size and complexity of the capital master plan.

48. The Office of Internal Oversight Services is in the process of auditing major contracts between the United Nations and the Construction Manager and will be issuing its report on the audit of the contracts for construction of the Secretariat Building. In response to audit recommendations regarding the General Assembly Building, the Office of the Capital Master Plan is seeking opportunities to mitigate the costs of acceleration and is addressing non-conformance reports to ensure effective quality control.

49. Positive actions have been taken by the Administration in response to the recommendations of the Board and the Office of Internal Oversight Services, the implementation of which is described in section XII below.

C. Advisory Board of the Capital Master Plan

50. As directed by the General Assembly in its resolution 57/292, an Advisory Board was established by the Secretary-General in December 2009. The Board at present consists of representatives of Brazil (Jayme Zettel), India (K. T. Ravindran), Kenya (Susan Kibue), Switzerland (Anna Torriani) and the United States of America (Kent Barwick). It has met nine times, including once since the publication of the eleventh annual progress report. At the ninth meeting, held on 2 October 2013, the members of the Board were briefed on the project and had an opportunity to observe and discuss the construction in progress. The Board received a complete update on the status of the project, as well as detailed briefings and presentations on all aspects of the project that were recently completed or pending.

VIII. Donations programme of the capital master plan and solicitation of voluntary contributions

51. As previously reported to the General Assembly in prior annual progress reports, the Secretariat collaborated with a number of permanent missions that expressed interest in providing additional voluntary contributions to the capital master plan in order to be identified as the donor of a specific room or space at Headquarters. The establishment of the donations programme for the capital master plan was in accordance with the decision taken by the General Assembly in its resolutions 63/270 and 64/228.

52. Since the date of publication of the eleventh annual progress report, the Secretariat cooperated with several Member States regarding their participation in the donations programme with regard to spaces in the General Assembly Building, including for the Café Austria (Austria), the new lounge on the second floor to the south of the Plenary Hall (China), the provision of new furniture for a sitting area on the second balcony (Bangladesh) and the addition of a design element to an existing donation on the first floor adjacent to the delegates' entrance (New Zealand). In addition to the aforementioned new donations, the Secretariat is cooperating with two Member States (Finland and Thailand) to renew past donations of lounge furniture which will be placed in the General Assembly Building. The Secretary-General is grateful to all Member States that participated in the donations programme.

53. In section VII, paragraph 17, of its resolution 68/247 B, the General Assembly requested the Secretary-General to make every effort to solicit additional voluntary contributions to help finance the budget shortfall. In response to this request, the Secretariat sent a note verbale dated 28 April 2014 to all permanent missions to the United Nations stating that additional financial contributions would be greatly appreciated to provide assistance for the successful completion of the historic project to modernize the Headquarters. The note verbale invited permanent missions to contact the Office of the Capital Master Plan for further information. Discussions are ongoing.

54. As at 30 June 2014, the donations received from Member States amounted to $113.9 million. In addition, in-kind contributions received from Member States were evaluated at $2.5 million.

IX. Artwork and gifts

55. In section IV, paragraph 14, of its resolution 68/247 A, the General Assembly requested the Secretary-General to report on the current conditions of maintenance of the art, crafts and gifts donated to the United Nations in New York in the context of his next progress report.

56. The renovation of the General Assembly Building required the removal of artworks that had been donated to the Organization over the years, primarily by Member States. A significant number of indoor gifts were relocated to the temporary North Lawn Building during the renovation period. In some cases, the original donor Member State agreed to retrieve the gifts for the purpose of restoration or cleaning.

57. Owing to many factors, including physical changes to some of the rooms as well as new donations, some art could not be returned to its original location. As encouraged by the General Assembly in section V, paragraph 22, of its resolution 67/246, the Secretary-General sought and took into account the views of the donating parties on all available options prior to such changes, in cases where a change of location of a gift was required. Following the consultations, an art placement plan and schedule was developed by the Department of Management.

58. The Secretary-General is extremely appreciative of the efforts undertaken by those permanent missions that retrieved gifts for conservation, cleaning and storage during the course of the capital master plan.

X. Accessibility

59. Improvement to accessibility has been a core goal of the capital master plan since the initiation of the project and the renovations undertaken by the project have brought the entire United Nations Headquarters compound into compliance with modern building and fire safety codes.

60. In the General Assembly Hall, the height of each table on the entire main floor has been raised to accommodate wheelchairs, and the lighting and signs at the names have been lowered, so that faces will still be visible on camera. Accessible positions in every type of seating (adviser, delegate or observer) have been made at each floor level.

61. Conference Rooms 5, 6 and 7 have been provided with accessible positions and several tables will be raised to have proper clearance. All of the tables in Conference Room 7 will be fully accessible for wheelchairs. Accessible positions have been added in Conference Room 8.

62. New Conference Rooms 11 and 12 will be more flexible than other rooms. In the typical configuration, there will be accessible positions at each type of seating. The interpretation booths will be entered directly from the floor level.

63. The aisles and tables in Conference Room 4 on the main floor are fully accessible. All of the advisers' seats are removable.

64. All toilet rooms are accessible and in the General Assembly Building the project will add many individual unisex-accessible bathrooms.

65. In addition to the major improvements to accessibility described above, the following actions have been or will be carried out:

(a) Swing doors and accessible turnstiles and magnetometers have been provided at access control points;

(b) Power-assisted doors have been provided at all of the major entrances to the buildings, including at the delegates' entrance and public entrance;

(c) The new visitors' entrance between 45th and 46th Streets will be more gracious than the former entry and will feature an integrated ramp;

(d) Accessible seating locations and ramps will be provided for all speakers' platforms;

(e) Signage will be provided with Braille graphics and the correct contrast and letter sizes;

(f) Door widths and clear areas required on the pull and push sides will meet accessibility standards;

(g) Life safety systems will include speakers and strobes;

(h) Accessible parking spaces, located close to fully accessible routes into the buildings, will be provided in the required quantities;

(i) Audio frequency induction loop technology has been installed in the renovated Conference Building and the General Assembly Building. This technology is used to improve the speech intelligibility of hearing-aid users by eliminating background noise. In addition, a wide variety of headsets will be

provided to suit a variety of cultural and personal preferences of meeting participants. Enhanced support for T-switch-equipped assisted listening devices will be implemented to the extent technically feasible.

XI. Summary of options pertaining to the Dag Hammarskjöld Library Building and the South Annex Building for consideration by the General Assembly

66. As described in the eighth annual progress report on the capital master plan (A/65/511), accelerated strategy IV included the renovation of the Dag Hammarskjöld Library Building and the South Annex Building. However, in the light of studies undertaken to evaluate the resilience of the buildings to threats from adjacent roadways,[3] it was determined that neither building, within reasonable costs, could be successfully renovated to achieve safe occupancy. This is attributable to the structure of the buildings themselves, which are relatively lightweight, and their proximity to the FDR Drive off-ramp.

67. It was concluded that the existing buildings could not be made structurally safe at any cost. It was further concluded that the small footprint of the buildings and the proximity to the FDR Drive off-ramp offered a highly inefficient site for a replacement building. Such a building would need to have very thick walls and oversized structure, providing only a very inefficient, extremely expensive result and having significant cost implications.

68. As a result, as previously reported to the General Assembly in the ninth, tenth and eleventh annual progress reports (respectively, A/66/527, A/67/350 and A/68/352) the design of the renovation of the two buildings has been suspended.

69. The General Assembly, in section VII, paragraph 8, of its resolution 68/247 B, recalled paragraphs 7 and 12 of section IV of its resolution 68/247 A and requested the Secretary-General to report thereon in the context of the twelfth annual progress report.

70. In section IV, paragraphs 7 and 12, of its resolution 68/247 A, the General Assembly requested the Secretary-General to submit to the Assembly at the first part of the resumed sixty-eighth session the information specified in paragraph 50 of the report of the Advisory Committee on Administrative and Budgetary Questions (A/68/551), in which the Advisory Committee expressed the view that the Secretary-General should be requested to submit feasible alternative options for the locations of the functions currently housed in the Dag Hammarskjöld Library Building and the South Annex Building that are independent of the long-term Headquarters accommodation requirement, thus allowing for a final completion of the capital master plan project.

71. In section IV, paragraph 12, of its resolution 68/247 A, the General Assembly requested the Secretary-General to continue to interact with the host city with a view to determining available options for resolving the pending security concerns in relation to the Dag Hammarskjöld Library Building and the South Annex Building, to assist the Assembly in making a final determination on the issue within the context of the capital master plan and to report thereon at the first part of the resumed sixty-eighth session of the Assembly.

[3] As explained in A/65/511, para. 78.

72. On 25 February 2014, a letter from a representative of the host country was received in reply to the letter from the Secretariat dated 5 February 2014 which requested that the host city take action to protect United Nations Headquarters by closing the off-ramp at 42nd Street to all but authorized vehicles. The response from the host country stated that it is not feasible either to close the off-ramp or to relocate it to another location. The letter further stated that given the physical characteristics of the two buildings, the host country acknowledged that there was no ability to make the two buildings secure.

73. However, it remains the intention of the Secretariat to continue to make every effort to reach an understanding on measures with the host country and the host city, with a view to mitigating security concerns along 42nd Street. No progress has been made on this matter at the time of submission of the present report. The remainder of section XI therefore provides a summary of the options heretofore provided to the General Assembly for its consideration, in response to its prior requests.

74. For the long-term, the functions of the Dag Hammarskjöld Library Building and the South Annex Building were incorporated in all options for long-term office accommodations in New York (see A/68/734, para. 21), including:

(a) A DC-5 building;

(b) A new building on the North Lawn;

(c) Continuation of rental space.

75. As an interim measure, the options included:

(a) The functions could remain in place (if the security situation changes) (A/67/720, para. 76);

(b) The functions could be provided in the temporary North Lawn Building (if the General Assembly decided to delay the demolition of the building) (A/68/352, para. 71, medium-term option A);

(c) The functions could be relocated to newly leased off-site rental space (with the exception of the cafeteria, which would occupy space in the third basement) (A/68/352, para. 72, medium-term option B);

(d) The functions could be relocated to other buildings on-site (assuming that the North Lawn Building would have been demolished) (A/68/352, para. 73, medium-term option C). Specifically, the cafeteria functions could be relocated to spaces in the Conference Building and the Secretariat Building; the interpreters' space and classrooms could be relocated to the third basement; the library and library-related office functions could be relocated to the second basement (this would require relocation of the engineering shops);

(e) Alternatively, the library functions could be relocated to the lower floors of the Secretariat Building, requiring relocation of the present functions.

76. As expressed in paragraph 75 of the eleventh annual progress report, the Secretary-General remains of the view that, pending resolution of the security situation, the interests of the Organization would be best served through the incorporation of the library and cafeteria programmes into the future decision of the General Assembly regarding long-term accommodation at Headquarters.

77. Taking into account the need to mitigate security and safety concerns, it is the intention of the Secretary-General to seek interim measures for the relocation of functions in the most cost-efficient manner that would preserve the minimal functionality in order to safeguard and protect the Organization's staff and ensure continuity of functions in the two buildings, which are essential for the proper administration of the United Nations Headquarters compound.

XII. Implementation of the recommendations of the Board of Auditors and the Office of Internal Oversight Services

A. Recommendations of the Board of Auditors

78. In its report on the audit of the capital master plan for the period ended 31 December 2013, the Board of Auditors noted that of 21 recommendations for the periods ended 31 December 2011 and 31 December 2012, 7 (33 per cent) were fully implemented, 5 (24 per cent) are under implementation and 9 (43 per cent) were closed by the Board.

79. Developments in the areas of flexible working strategies, risk-based approach to determining, allocating and reporting contingency funds, and progress towards review of ongoing maintenance contracts have been recognized by the Board.

80. The Board concluded that at the time of its report, taking into account work remaining and known risks, the Administration is on track to hold the September 2014 general debate in the refurbished General Assembly Building, although some work will be deferred until a later date.

81. The Board's recommendations for the period ended 31 December 2013 were focused on four areas, as set out below:

(a) Clarify to the General Assembly during the main part of its sixty-ninth session which elements of the scope of the project will not be delivered as part of the capital master plan and define plans for delivery and any budgetary implications. Elements of the capital master plan are currently scheduled for delivery after the Office of the Capital Master Plan closes;

(b) Apply independent project assurance to all major projects. There is currently no established approach to providing independent project assurance in the United Nations;

(c) Commit to visible senior management leadership on the flexible workspace project. Experience suggests that like all change initiatives that have an impact on the day to day working environment, senior management leading by example will be vital in gaining staff buy-in and to securing the intended benefits;

(d) Review maintenance arrangements based on the operating data of new assets currently being collected and assess possibilities for obtaining better value for money for the Administration's requirements.

82. Sections V and VI of the present report respond to the Board's recommendation in paragraph 81 (a) above.

83. As to the recommendation in paragraph 81 (b) above on cost controls and an independent assurance mechanism, the Administration is of the view that adequate

controls were put in place for the capital master plan. More details are provided in the report of the Secretary-General on implementation of the recommendations of the Board of Auditors contained in its reports on the United Nations for the biennium ended 31 December 2013 and on the capital master plan for the year ended 31 December 2013.

84. The Board also recommended that the Administration should establish a more effective and regular governance mechanism. The Administration responded that the governance established for the capital master plan project includes oversight by the Office of the Under-Secretary-General for Management, and various mechanisms for reporting to the Administration's senior executive leadership, including the Senior Management Group chaired by the Secretary-General, the Management Committee, the Department of Management's Executive Management Group and the Advisory Board of the Capital Master Plan. Regular progress reports are provided to senior management by the Assistant Secretary-General, Executive Director of the capital master plan. The Administration considers that this is an appropriate governance structure for the project.

85. The Administration has also agreed with the Board that every major project in the Secretariat needs an independent project assurance function for cost control and for ensuring the most efficient project implementation. However, as demonstrated by the capital master plan, the independent assurance function needs to be adapted to the specific nature of the project that is being implemented. Retaining the services of a specialized external company to carry out this function and forming a project steering committee are considered viable project assurance options among the universe of options that can be considered.

86. With regard to the recommendation in paragraph 81 (c) above, the Administration responded that the involvement of senior managers in the flexible workplace programme would be one of the matters discussed at the flexible workplace steering committee and that the Office of Central Support Services was in the process of convening the steering committee.

87. Regarding the recommendation in paragraph 81 (d) above, the Administration responded that the Office of Central Support Services has developed a comprehensive maintenance strategy for all mechanical electrical and plumbing systems, including whether maintenance would be delivered through in-house staff, existing service contracts or capital master plan maintenance packages. A detailed plan has also been developed in coordination with the Procurement Division of future solicitation processes as the last elements of the capital master plan are handed over. Maintenance personnel have received additional training and the capital master plan engineer of record has developed preventive maintenance plans and procedures for all new capital master plan systems. The Office of Central Support Services has also begun to collect more comprehensive operating data and, based on the final system configuration that the capital master plan is delivering, the Office is developing specifications for a software tool to measure energy consumption.

88. In its earlier report for the period ended 31 December 2012 the Board recommended formally documenting and embedding lessons learned for other emerging projects. In this regard, the Office of Central Support Services has documented lessons learned and has overall responsibility for capturing and disseminating lessons learned from major construction and renovation projects. In

coordination with the Office of Central Support Services, the Office of the Capital Master Plan had opportunities to share its experience and best practices with the Administration in Geneva in the context of the strategic heritage plan. The Office of Central Support Services will ensure that all construction and renovation projects will be briefed on the lessons learned from large capital projects, including the capital master plan in the context of the Board recommendations for the periods ended 31 December 2012 and 31 December 2013, regarding the quantification of risks and the establishment and utilization of contingency reserves. The Administration has accepted those recommendations and intends to implement the risk assessment methodology for all future construction and renovations projects.

B. Recommendations of the Office of Internal Oversight Services

89. The last audit by the Office of Internal Oversight Services of guaranteed maximum price contracts for the period ended 31 December 2013 focused on lessons learned and it issued one recommendation: the Department of Management should develop a lessons learned register for use on future construction projects that captures the institutional knowledge and good practices learned from the experience with the capital master plan project. The Office recommended that the register be developed before the completion of the capital master plan with input from the Office of the Capital Master Plan, the Office of Central Support Services, the Department of Safety and Security, the Office of Legal Affairs and other stakeholders.

90. In compliance with the recommendation of the Office of Internal Oversight Services, the Office of the Capital Master Plan presented the majority of the lessons learned in the eleventh annual progress report and it continues to share its experience and lessons learned through the handover process with the Office of Central Support Services and with the Administration in Geneva in the context of the strategic heritage plan.

XIII. Financial status of the capital master plan project

A. Status of assessments and sources of funding for the capital master plan

91. In section VII, paragraph 9, of its resolution 68/247 B, the General Assembly reaffirmed the scope of the capital master plan project (in accordance with paragraph 10 of its resolution 61/251) and in paragraph 10 the Assembly requested the Secretary-General to take fully into account the provisions of paragraph 6 of section IV of its resolution 68/247 A in the context of the twelfth annual progress report. Paragraph 6 provides that "nothing in the present resolution shall be interpreted as a change in the current scope of the capital master plan as decided by the General Assembly, nor should the need for liquidity of the project be linked to the completion of the renovation of the buildings under the current scope".

92. In accordance with the decisions taken by the General Assembly in resolution 68/247 A and reaffirmed in resolution 68/247 B, the renovation of the Dag Hammarskjöld Library Building and South Annex Building remains in the scope of the capital master plan project, which is unchanged. However, as stated in paragraph 68

above, the design of the renovation of the two buildings remains suspended owing to security concerns.

93. The scope of the capital master plan project comprises (a) the original renovation work approved by the General Assembly, (b) the enhanced security upgrades project, which is fully funded by the host country, and (c) additional scope requested under the capital master plan donations programme, which is also fully funded.

94. As at 30 June 2014, the expected project cost to complete the scope of the capital master plan project was $2,214.97 million.

95. However, the total approved funding for the capital master plan project amounts to $2,150.0 million, comprising (a) appropriations for the original project scope of $1,876.7 million, (b) donations of $13.9 million, (c) interest income and the capital master plan working capital reserve amounting to $159.4 million, and (d) funding for the enhanced security upgrades of $100.0 million. All funding available in the amount of $2,150.0 million has been applied and continues to be applied to ongoing active renovation activities so as to meet contractual obligations as they fall due for payment.

96. Table 3 below compares the total approved funding for the capital master plan project to the expected cost to complete the project. A remaining portion of the project, with a budget of $65.0 million, remains unfunded.

Table 3
Comparison of the funding for the capital master plan project and the expected cost to completion, as at 30 June 2014
(Millions of United States dollars)

Description	*Amount*	*References*
Total appropriations from 2004 to 2011	1 876.7	Resolutions 57/292, 59/295, 60/248, 60/256, 60/282, 61/251, 62/87 and 64/228
Voluntary contributions	13.9	Received under the capital master plan donations programme
Use of interest income (through 2015) and the capital master plan working capital reserve	159.4	Resolutions 66/258, 67/246 and 68/247 A
Funding for the enhanced security upgrades	100.0	Contribution by the host country
Total funding available	**2 150.0**	
Project cost of original renovation and scope requested under the donations programme	2 115.0	
Cost of enhanced security upgrades	100.0	
Total project cost to completion	**2 215.0**	
Remaining portion of the project	**65.0**	

97. As at 30 June 2014, an amount of $0.7 million in assessments remained unpaid to the capital master plan for 2011 and prior periods. Voluntary contributions have been paid in full.

B. Interest income, working capital reserve and cash balance

98. The amount of interest to be accrued on the balance of capital master plan funds by 31 December 2014 is expected to be $113.7 million. As at 30 June 2014, the working capital reserve remained at $45.0 million. A residual balance of $1,350 remained unpaid to the working capital reserve. The cash balance as at 30 June 2014 was $150.0 million. The cash flow projection for the remaining project construction, close-out and post-renovation activities, which are described in paragraph 26 above, is provided in annex I to the present report.

C. Solicitation of voluntary contributions

99. In section VI, paragraph 17, of its resolution 68/247 B, the General Assembly requested the Secretary-General to make every effort to solicit additional voluntary contributions to help finance the budget shortfall. In response to this request the Office of the Capital Master Plan continued to solicit voluntary contributions and is in the process of coordination with regard to additional contributions with prospective donors.

D. Capital master plan project expenditure and requirements for the remaining project period

100. The estimated cost to complete the capital master plan project is $2,215.0 million. The project requirements for the active construction works amount to $2,150.0 million, excluding the original estimated costs for suspended construction of the Dag Hammarskjöld Library Building and the South Annex Building. As at 30 June 2014, cumulative expenditure incurred amounted to $2,131.8 million, which means that 99.2 per cent of the estimated cost to completion has been expended and committed.

101. The latest status of the capital master plan expenditure and remaining requirements is summarized in table 4 below.

Table 4
Capital master plan project expenditure and requirements until completion, as at 30 June 2014
(Thousands of United States dollars)

	Expenditure	*Remaining requirements*		
Description	*From project inception to June 2014*	*July-December 2014*	*January-June 2015*	*Total*
Capital master plan project				
Design contractual services	167 372.0	3 000.0	–	170 372.0
Staff costs for the Office of the Capital Master Plan	29 751.9	1 560.6	1 127.6	32 440.1
Support staff costs[a]	13 929.3	699.7	365.9	14 994.9
Operating and other costs	12 206.9	635.9	715.5	13 558.3
Programme management and other consultants	51 698.0	–	–	51 698.0
Construction and pre-construction	1 346 500.3	34 566.5	13 000.0	1 394 066.8
Swing space costs (including rent)	554 600.8	–	–	554 600.8
Subtotal	**2 176 059.2**	**40 462.7**	**15 209.0**	**2 231 730.9**
Prior-period adjustments	9 204.0	–	–	9 204.0
Adjusted project expenditure	**2 185 263.2**	**40 462.7**	**15 209.0**	**2 240 934.9**
Savings on prior-period obligations	(151 161.9)	(39 800.0)	–	(190 961.9)
Total, capital master plan project expenditure	**2 034 101.3**	**662.7**	**15 209.0**	**2 049 973.0**
Enhanced security upgrades project	97 650.7	2 349.3	–	100 000.0
Subtotal	**2 131 752.0**	**3 012.0**	**15 209.0**	**2 149 973.0**
Budget for suspended construction work				65 000.0
Total				**2 214 973.0**

[a] Secretariat staff from the Department of Safety and Security, the Office of Legal Affairs, the Office of Central Support Services (Procurement Division), the Office of Internal Oversight Services and the Office of Programme Planning, Budget and Accounts (Accounts Division) assigned to the capital master plan.

102. Table 4 above illustrates that the requirements for the project from July to December 2014 are estimated at $3.0 million and the requirements for the six-month period from 1 January to 30 June 2015 are estimated at $15.2 million.

103. Regarding the estimated remaining requirements for 2015, these amounts relate to the post-renovation tasks as described in paragraph 26 above as well as closure and final reconciliation of all remaining contracts, which will be completed approximately six months following the completion of construction activities. In preparation for the final closure of the project, the Office of the Capital Master Plan is actively closing contracts for all project activities that have been completed.

E. Estimated cost to complete the capital master plan project, as at 30 June 2014

104. Table 5 below presents the most current and up-to-date project cost estimates. Following the review undertaken by the Secretariat, as at 30 June 2014, the cost to complete the capital master plan project (inclusive of work funded by donations from Member States) is estimated at $2,214.97 million.

Table 5
Estimated project cost to complete the capital master plan
(Thousands of United States dollars)

	As at December 2013	*As at June 2014*	*Variance*
Construction	1 087 578	1 089 417	1 839
Use of construction contingency	138 981	146 702	7 721
Professional fees and management costs	368 874	368 874	–
Contingency and escalation	7 721	–	(7 721)
Subtotal, construction	**1 603 154**	**1 604 993**	**1 839**
Swing space	267 614	265 775	(1 839)
Leases from 1 October 2012	25 000	25 000	–
Use of office swing space contingency	24 648	24 648	–
Library swing space	2 714	2 714	–
Conference swing space	150 475	150 475	–
Use of conference swing space contingency	41 368	41 368	–
Subtotal, swing space	**511 819**	**509 980**	**(1 839)**
Enhanced security upgrades	100 000	100 000	–
Total, project cost, including the enhanced security upgrades	**2 214 973**	**2 214 973**	**–**
Funding			
Project budget and donations	1 890 612	1 890 612	–
Application of the interest income and the working capital reserve	159 400	159 400	–
Enhanced security upgrade subproject funded by the host country	100 000	100 000	–
	2 150 012	**2 150 012**	
Difference between the project costs and funding	*64 961*	*64 961*	–

105. In order to avoid claims at the final stage of the project, the Office of the Capital Master Plan maintains dialogue with the construction manager, who regularly updates the capital master plan project management team on any information pertaining to disputes and claims. Given industry experience, some claims may not be resolved in negotiations and, accordingly, some provision will be maintained for potential settlement.

106. The Dag Hammarskjöld Library Building and the South Annex Building cannot be renovated as originally planned for security reasons. Their use and the long-term placement of the current functions need to be considered in the context of the options discussed in section XI of the present report. Depending on what decision is taken, the solution for the Dag Hammarskjöld Library Building and the South Annex Building could vary significantly.

107. The estimated project cost to complete the capital master plan includes the $65.0 million original budget for the Dag Hammarskjöld Library Building and the South Annex Building. However, there is currently no request for commitment authority. Any work to fulfil the mandate of the General Assembly with regard to these buildings will entail an additional appropriation and assessment upon Member States. The amount of the appropriation will depend upon the nature and scope of work.

XIV. Consolidated expenditure and requirements

108. Total consolidated expenditure to 30 June 2014, which comprises the capital master plan project costs as discussed in section XIII above, together with the associated costs and the cost of the secondary data centre, amounts to $2,286.4 million.

109. The final consolidated requirements amount to $2,369.8 million.

110. The revised overall associated cost expenditure amounts to $139.8 million.

111. The cost of the secondary data centre is $19.5 million, which, after savings on prior-period obligations of $0.3 million are deducted, gives rise to a final cost of $19.2 million. The support account for peacekeeping operations contributed an amount of $4.2 million to the cost of the secondary data centre. Consequently, the net cost borne by the capital master plan is $15.0 million, the analysis of which is presented in annex II to the present report.

112. As shown in table 6 below, the consolidated requirements for the 12 months to 30 June 2015 amount to $18.4 million. Of that amount, $18.2 million relates to the capital master plan project scope (including the enhanced security upgrades). Associated costs requirements for the same period amount to $219,100, as discussed in section XV below.

Table 6
Consolidated expenditure and requirements until project completion, as at 30 June 2014
(Thousands of United States dollars)

Description	*Expenditure from project inception to June 2014*	*Remaining requirements*		*Total*
		July to December 2014	*January to June 2015*	
Capital master plan project (excluding security scope)	2 034 101	663	15 209	2 049 973
Enhanced security upgrades	97 651	2 349	–	100 000
Associated costs	139 593	154	65	139 812

Description	Expenditure from project inception to June 2014	Remaining requirements		Total
		July to December 2014	January to June 2015	
Secondary data centre	15 040	–	–	15 040
Subtotal	**2 286 385**	**3 166**	**15 274**	**2 304 825**
Remaining portion of the project				65 000
Consolidated total				**2 369 825**

XV. Associated costs expenditure and requirements

113. In his report updating final associated costs expenditure (A/68/352/Add.3), the Secretary-General presented the estimated expenditure for activities associated with the capital master plan ("associated costs") in the total amount of $140,253,300. That estimate has since been revised downwards to $139,812,000.

114. As previously reported, all departments and offices have ceased associated costs activities, with the exception of the Office of Central Support Services, which, because of delays in the project schedule owing largely to storm Sandy, is undertaking handover activities during 2014 through March 2015. This is later than previously reported because of delays in on-boarding the staff. The cost of the handover support remains at $179,500 for one general temporary assistance position at the P-4 level for nine months, from July 2014 to March 2015. The Administration considers that it is important to complete these transition activities.

115. It will be recalled that at the time of issuance of the aforementioned report containing updated information on associated costs, the financial period-end closing of accounts was still under way and it was reported that since a number of general temporary assistance positions in the Department of Safety and Security were being terminated, the unutilized balance of approved resources in the amount of $314,000 was being retained until the financial records were completed. No expenditure was recorded for 2013; however, a final residual payment of $39,600 had been made and was held in abeyance in a payroll clearing account at the end of 2013. Consequently, of the $314,000 temporarily retained for 2013, an amount of $274,400 was eventually released and the expenditure of $39,600 was booked to 2014.

116. Previously, the Secretary-General reported cancelled (liquidated) obligations from prior periods of $3,097,800. Such obligations represent commitments that were entered into with third-party contractors in previous years, which have subsequently been released or reduced with no disbursement arising on the part of the Organization in cases where actual cost of works completed were lower than values applied at the contract award stage. Prior-period savings have increased slightly to $3,265,200.

117. Final expenditure for associated costs, as currently recorded, is presented in table 7 below, analysed by year and by department and office.

Table 7
Summary of associated cost requirements, by department and office
(Thousands of United States dollars)

Department office	*Actual expenditure 2008-2011* (a)	*Actual expenditure 2012* (b)	*Actual expenditure 2013* (d)	*Expenditure as at 30 June 2014* (e)	*Projected expenditure July-December 2014* (f)	*Projected expenditure 2015* (g)	*Total 2008-2015* (e) = (a) + (b) + (d) + (e) + (f) + (g)
Department for General Assembly and Conference Management	2 272.9	638.2	–	–	–	–	2 911.1
Department of Public Information	25 772.0	287.1	(2.0)	–	–	–	26 057.1
Office of Central Support Services	21 108.6	3 746.4	3 370.4	–	114.1[a]	65.4[a]	28 404.9
Office of the Capital Master Plan	18 146.2	7 784.6	24 064.6	–	–	–	49 995.4
Office of Information and Communications Technology	2 035.5	626.8	4.6	–	–	–	2 666.9
Construction (Office of Information and Communications Technology)	5 446.9	81.4	665.3	–	–	–	6 193.6
Department of Safety and Security	18 726.9	5 785.8	2 295.9	–	39.6[b]	–	26 848.2
Total	**93 509.0**	**18 950.3**	**30 398.8**	**–**	**153.7**	**65.4**	**143 077.2**
Less prior-period obligations released	(3 264.8)	–	–	(0.4)	–	–	(3 265.2)
Net total	**90 244.2**	**18 950.3**	**30 398.8**	**(0.4)**	**153.7**	**65.4**	**139 812.0**

[a] Deferred general temporary assistance for handover activities owing to storm Sandy and delays in recruitment.
[b] Separation payments which, for technical reasons, were booked as expenditure in 2014 instead of 2013.

118. Annex III to the present report provides an analysis of the foregoing expenditure, after attributing the prior-period savings to the respective departments and offices. In this regard, it should be noted that the apparent excess of final expenditure in 2013 by the Office of the Capital Master Plan is actually a result of commitments released for a portion of guaranteed maximum price contracts completed in the Conference Building and recommitted for activities in the General Assembly Building that will continue until its completion. The net position is in accordance with the expenditure approved by the Assembly.

119. Table 8 below provides a summary of the approved and reported expenditure for associated costs over time.

Table 8
Chronology of associated costs requirements, 2008-2015
(United States dollars)

Period	*General Assembly resolution*	*Amount approved by the General Assembly*	*Expenditure reported in A/68/352/Add.3*	*Expenditure actual/estimate*
2008-2009	63/270	30 272 400	18 373 200	18 373 200
2010	64/228	42 069 695	13 636 800	13 636 800
2011	65/269	58 871 305	61 499 000	61 499 000
2012	66/258	8 259 100	18 950 300	18 950 300
2013	67/246	3 666 100	30 891 800	30 398 800
2014-2015	68/247 B	–	–	219 100
Total		**143 138 600**	**143 351 100**	**143 077 200**
Less cancelled prior-period obligations				**(3 265 200)**
Net total				**139 812 000**

XVI. Actions to be taken by the General Assembly

120. **The Secretary-General recommends that the General Assembly:**

(a) **Note the progress made since the issuance of the update to the eleventh annual progress report;**

(b) **Request the Secretary-General to continue to report on the status of the project, the schedule, the aggregate estimated cost to completion, the status of contributions, interest and the working capital reserve;**

(c) **Note the intention of the Secretary-General to seek interim measures for the relocation of functions currently housed in the Dag Hammarskjöld Library Building and the South Annex Building in the most cost-efficient manner;**

(d) **Take a decision on the relocation of the functions which take place in both buildings, taking into account the perimeter security concerns and the need for a long-term solution for these functions;**

(e) **Decide on the financing of the cumulative associated costs and the cost of the secondary data centre at the main part of the sixty-ninth session of the General Assembly.**

Annex I

Cash flow projection for the remaining capital master plan project and the associated costs activities

(Millions of United States dollars)

Description	*Starting cash balance*	*Project and associated costs cash outflows*	*Remaining cash balance*
Cash balance as at 30 June 2014	150.0		150.0
By the end of October 2014		126.1	23.9
By the end of December 2014		87.4	(63.5)
By the end of March 2015		60.3	(123.8)
By the end of June 2015		20.6	(144.4)
By the end of September 2015		2.1	(146.5)
By the end of December 2015		3.1	(149.6)
By the end of March 2016		1.7	(151.3)
By the end of June 2016		1.2	(152.5)
By the end of September 2016		1.2	(153.7)
By the end of December 2016		1.1	(154.8)

Note: Cash balance as at 22 August 2014 was $112 million.

Annex II

Secondary data centre: expenditure borne by the capital master plan fund

(Thousands of United States dollars)

	Expenditure				
Description	*From projection inception to December 2011*	*January 2012-30 June 2013*	*Total for period ending 30 June 2013*	*July-December 2013*	*Total*
Secondary data centre	18 584.0	941.6	19 525.6	–	19 525.6
Savings on prior-period obligations	(4.0)	(253.5)	(257.5)	–	(257.5)
					19 268.1
Expenditure attributable to the support account for peacekeeping operations	–	–	–	–	(4 227.7)
Net expenditure borne by the capital master plan	**18 580.0**	**688.1**	**19 268.1**	**–**	**15 040.4**

Annex III

Summary of associated costs requirements by department and office after allowing for prior-period savings from cancelled obligations

(Thousands of United States dollars)

Department office	*Expenditure net of cancelled obligations 2008-2011* (a)	*Actual expenditure 2012* (b)	*Actual expenditure 2013* (c)	*Expenditure net of cancelled obligations as at 30 June 2014* (d)	*Projected expenditure July-December 2014* (e)	*Projected expenditure 2015* (f)	*Total 2008-2015* (e) = (a) + (b) + (c) + (d) + (e) + (f)
Department for General Assembly and Conference Management	2 272.9	638.2	–	–	–	–	2 911.1
Department of Public Information	23 968.7	287.1	(2.0)	–	–	–	24 253.8
Office of Central Support Services	20 228.5	3 746.4	3 370.4	–	114.1	65.4	27 524.8
Office of the Capital Master Plan	17 663.6	7 784.6	24 064.6	–	–	–	49 512.8
Office of Information and Communications Technology	1 984.1	626.8	4.6	–	–	–	2 615.5
Construction (Office of Information and Communications Technology)	5 438.7	81.4	665.3	–	–	–	6 185.4
Department of Safety and Security	18 687.7	5 785.8	2 295.9	(0.4)	39.6	–	26 808.6
Total	**90 244.2**	**18 950.3**	**30 398.8**	**(0.4)**	**153.7**	**65.4**	**139 812.0**